

REDACTED – FOR PUBLIC INSPECTION



VIA ECFS

June 28, 2017

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

RE: **Valliant Telephone Company, SAC 432032**
Submission of FCC Form 481 Annual Report
WC Docket No. 14-58 - ETC Annual Reports and Certifications

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, Valliant Telephone Company (“the Company”), Study Area Code 432032, hereby files its FCC Form 481 – Carrier Annual Reporting Data Collection Form. *The version of the Company’s FCC Form 481 submitted via the FCC’s Electronic Comment Filing System (ECFS) is a redacted version of the filing that contains no confidential information.*

Section 3005 of FCC Form 481 requires privately-held rate-of-return carriers receiving high cost support to attach a full and complete annual report of the company’s financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). Valliant Telephone Company, by its authorized representative, hereby seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58.¹ The *Protective Order* specifically covers the information required by 47 C.F.R. §54.313(f)(2).

Valliant Telephone Company is providing to the Office of the Secretary, under seal, this cover letter and the FCC Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection.

T (972) 387-4300
F (972) 960-2810

8750 N. Central Expressway
Suite 300
Dallas, TX 75231

Assurance, tax, and consulting offered through
Moss Adams LLP. Wealth management offered through
Moss Adams Wealth Advisors LLC. Investment banking
offered through Moss Adams Capital LLC.

¹ *Connect America Fund, ETC Annual Reports and Certifications*, WC Docket Nos. 10-90 and 14-58, Protective Order, 31 FCC Rcd 2089 (2016).

Each page of the Company's financial annual report and the financial summary page on the FCC Form 481 bear the legend, "CONFIDENTIAL INFORMATION – SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION."

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as attachments to the FCC Form 481.

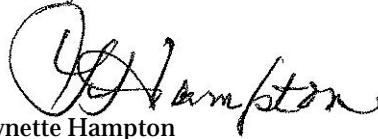
In the filing submitted via the ECFS, all pages containing confidential information bear the legend "REDACTED – FOR PUBLIC INSPECTION."

This cover letter includes no confidential information and the text is the same in both the non-redacted and redacted versions except for the confidentiality markings.

The FCC Form 481 has also been filed with the relevant state commissions and Tribal governments, as appropriate.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Lynette Hampton". The signature is stylized with a large, circular initial "L" and a cursive "H" followed by the name "ampton".

Lynette Hampton
Authorized Representative for
Valliant Telephone Company

LH/kr

Attachments

cc: Mr. Tommy Dorries, Valliant Telephone Company

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	Tommy Dorries
<035>	Contact Telephone Number: Number of the person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	telephon@valliant.net
	Form Type	54.313 and 54.422

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
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No

**(300) Unfulfilled Service Request
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
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<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
432032ok510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	432032ok610.pdf

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	18.0

[illegible]

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

-- See attached worksheet --

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net
<810>	Reporting Carrier	Valliant Telephone Company
<811>	Holding Company	Not Applicable
<812>	Operating Company	Valliant Telephone Company

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

 <900> Does the filing entity offer tribal land services? (Y/N) Yes

<910> Tribal Land(s) on which ETC Serves

Valliant Telephone Company's service area includes "former reservation" land in Oklahoma. The Company has not been able to clearly identify the tribes associated with the former tribal land.

<920> Tribal Government Engagement Obligation

432032ok920.pdf

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable
Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 432032ok1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Not Applicable

<1030> Attach detailed description for broadband comparability compliance

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	432032
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<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

432032ok1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

<010>	Study Area Code	432032
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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

(3005) Rate Of Return Carrier Additional Documentation
Data Collection Form

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

<010>	Study Area Code	432032
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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}	No - Attach Explanation	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	432032ok3010.pdf
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
(3015)	Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires: Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3019)	If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains: Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit. If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		<input checked="" type="checkbox"/>
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	432032ok3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends



<010>	Study Area Code	432032
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<020>	Program Year	2018
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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	
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Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	
--	--	--

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.	Name of Attached Document Listing Required Information	
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**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<010> Study Area Code	432032
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<039> Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>Moss Adams LLP</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>Moss Adams LLP</u>
Name of Reporting Carrier:	<u>VALLIANT TEL CO</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/28/2017</u>
Printed name of Authorized Officer:	<u>tommy dorries</u>
Title or position of Authorized Officer:	<u>owner</u>
Telephone number of Authorized Officer:	<u>5809334400 ext.</u>
Study Area Code of Reporting Carrier:	<u>432032</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>VALLIANT TEL CO</u>
Name of Authorized Agent Firm:	<u>Moss Adams LLP</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/16/2017</u>
Name of Authorized Agent Employee:	<u>Moss Adams LLP</u>
Title or position of Authorized Agent or Employee of Agent	<u>Consulting Manager</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>5126527725 ext.</u>
Study Area Code of Reporting Carrier:	<u>432032</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	432032
<015>	Study Area Name	VALLIANT TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Tommy Dorries
<035>	Contact Telephone Number - Number of person identified in data line <030>	5809334400 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	telephon@valliant.net

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	18.0

<703>

[illegible]

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

[illegible]

LINE 510 - SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES COMPLIANCE

Valliant Telephone Company (“the Company”) complies with applicable service quality standards and consumer protection rules for its voice and broadband services.

The rates, terms, and conditions under which the Company operates are outlined in its local exchange tariff, which is approved by the Oklahoma Corporation Commission (“OCC”). The tariff contains provisions regarding the Company’s customer service and protection practices.

Service quality standards for voice service are established by the OCC. The Company consistently meets or exceeds those standards and provides reports to the OCC, in accordance with the OCC’s rules.

With regard to broadband service, the Company provisions its network and equipment to ensure that its customers can enjoy the speeds to which they subscribe. However, Internet speeds generally result from a “best effort” service and are dependent upon a number of variables, many of which are outside the control of the Company. The Company also complies with the FCC’s Open Internet rules, 47 C.F.R. §§8.3-8.11. These rules prohibit blocking, throttling, and paid prioritization, and also require the Company to publicly disclose information regarding its network management practices, performance, and the commercial terms of its broadband services.

The Company complies with any and all consumer protection obligations under state law.

The Company also complies with the following consumer best practices: (1) the Company discloses its rates and terms of service to customers; (2) the Company provides specific disclosures in its advertising; (3) the Company separately identifies carrier charges from taxes on its billing statements; (4) the Company provides ready access to customer service; (5) the Company promptly responds to consumer inquiries and complaints received from government agencies; and (6) the Company abides by policies for protection of consumer privacy.

Finally, the Company has a policy and established operating procedures that comply with the FCC’s Customer Proprietary Network Information (CPNI) rules (47 C.F.R. §§64.2001-64.2011).

LINE 610 - ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Valliant Telephone Company (“the Company”) is able to function in emergency situations for both voice and broadband service. The Company has a reasonable amount of back-up power to ensure functionality without an external power source. Standby power generators are supplied at the central office, and mobile generators are at strategic locations to be deployed as needed to ensure functionality without an external power source until power is restored. The network is capable of managing traffic spikes resulting from emergency situations.

The Company is able to reroute traffic around damaged facilities. Although the Company’s ability to reroute traffic around damaged facilities is not absolute and may be limited in certain circumstances, there is a restoration plan in place for expeditious recovery of service, including splicing of damaged facilities when warranted.

LINE 920 – TRIBAL GOVERNMENT ENGAGEMENT OBLIGATION

Valliant Telephone Company's service area includes "former reservation" land in Oklahoma. The Company has not been able to clearly identify the tribes associated with the former tribal land.

LINE 1010 – VOICE SERVICES RATE COMPARABILITY

The Wireline Competition Bureau’s 2017 reasonable comparability benchmark for voice services is \$49.51, which includes the federal subscriber line charge (“SLC”).¹

In all of the exchanges served by Valliant Telephone Company (“the Company”), the single-line residential local rate in effect as of January 1, 2017 was \$18.00. When the federal SLC (\$6.50) is included, the total rate was \$24.50. Therefore, the Company’s pricing of fixed voice services is less than the reasonable comparability benchmark of \$49.51.

¹ *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

LINE 1030 – BROADBAND SERVICES RATE COMPARABILITY

As of January 1, 2017, Valliant Telephone Company was charging a residential rate of \$59.95 for broadband providing 5 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$68.87, which is the 2017 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.¹

¹ *Wireline Competition Bureau Announces Results of 2017 Urban Rate Survey for Fixed Voice and Broadband Services, Posting of Survey Data and Explanatory Notes, and Required Minimum Usage Allowance for ETCs Subject to Broadband Public Interest Obligations*, Public Notice, WC Docket No. 10-90, 32 FCC Rcd 1358 (2017).

LINE 1210 – TERMS & CONDITIONS OF VOICE TELEPHONY LIFELINE PLANS

Valliant Telephone Company (“the Company”) offers qualified Lifeline subscribers residing on non-Tribal lands the federal discount of \$9.25 on local voice telephony service. For qualified Lifeline customers residing on Tribal lands, the Company offers a federal Lifeline credit of up to \$34.25 on local voice telephone service. The Tribal Lifeline credit cannot exceed the total of the subscriber residential local exchange rate.

In all exchanges served by the Company, the non-Tribal Lifeline single-line residential rate, including the federal subscriber line charge (“SLC”) is **\$15.25** (\$24.50 standard rate - \$9.25 discount).

In all exchanges served by the Company, the Tribal Lifeline single-line residential rate, including the federal SLC is **\$0** (\$24.50 standard rate - \$24.50 discount).

Local exchange service includes an unlimited number of local calling minutes. Toll charges for calls outside of the local calling area are determined by the long distance carrier of the customer’s choosing. Customers may elect to subscribe to toll restriction at no charge.

The Company does not disconnect the service of Lifeline subscribers for the non-payment of toll charges. However, the Company reserves the right to implement toll restriction, at no charge, if the customer incurs a significant balance of unpaid toll bills.

Lifeline Program reductions do not apply to additional services such as custom calling features. Lifeline customers may subscribe to these services, where available, at the same rates offered to other customers.

Lifeline customers may subscribe to any residential voice telephony service package that is generally available to the public and will receive the applicable Lifeline discount off the regular price of the package.

LINE 3010 – MILESTONE CERTIFICATION

Valliant Telephone Company (“the Company”) is unable to certify that it provides broadband service that meets the FCC’s public interest obligations in §54.308(a) of the rules.

The Company’s fastest residential broadband offering is presently 5/1 Mbps. At this time, the Company’s customers are not requesting higher speeds than those being offered. The Company did not have any unfulfilled requests for broadband in 2016.

The Company made broadband-related network improvements in its most populated exchange during 2016. However, the Company was reluctant to invest in significantly upgrading its network due to the uncertainty surrounding the impending reform of the High-Cost Universal Service Fund program for rate-of-return carriers. Thus, the Company decided to delay investments in further network upgrades until it became known how the costs could be recovered, taking into account the public interest obligation to offer its services at affordable and “reasonably comparable” rates.

VALLIANT TELEPHONE COMPANY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2016 AND 2015**

WITH

INDEPENDENT AUDITOR'S REPORT

Valliant Telephone Company, Inc.
Financial Statements
And Supplementary Information
Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma

Report on the Financial Statements

We have audited the accompanying financial statements of Valliant Telephone Company which comprise the balance sheets as of December 31, 2016 and 2015, and the related statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Valliant Telephone Company as of December 31, 2016 and 2015, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Accounting Standards*, we have also issued our report dated June 9, 2017, on our consideration of Valliant Telephone Company's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Valliant Telephone Company's internal control over financial reporting and compliance.

Hood & Associates, CPAs, P.C.

Hood & Associates, CPAs, P.C.

Tulsa, Oklahoma
June 9, 2017

Valliant Telephone Company
Balance Sheets
December 31, 2016 and 2015

ASSETS (Note 2)

	2016	2015*
Current Assets:		
Cash- General Fund		
Cash- Construction Fund		
Short-term Investments (Note 5)		
Telecommunications Accounts Receivable:		
Other (Note 3)		
Refundable Income Taxes		
Materials and Supplies Inventory		
Prepaid Expenses (Note 4)		
Total Current Assets		
Noncurrent Assets:		
Investments (Note 5)		
Property and Equipment (Note 7):		
Telecommunications Plant in Service		
Telecommunications Plant Under Construction		
Less: Accumulated Depreciation		
Net Property and Equipment		
Total Assets		

*Certain amounts have been reclassified to conform to current year presentation.

The accompanying notes are an integral part of these financial statements

Valliant Telephone Company
Balance Sheets
December 31, 2016 and 2015

LIABILITIES AND STOCKHOLDERS' EQUITY

	2016	2015*
Current Liabilities		
Accounts Payable		
Advanced Billings and Payments		
Customer Deposits		
Accrued Income Taxes		
Other Accrued Liabilities		
Current Portion of Long Term Liabilities		
Total Current Liabilities		
Long - Term Liabilities (Note 8)		
RUS Notes Payable		
RTB Notes Payable		
Less: Current Portion		
Other Liabilities and Deferred Credits:		
Deferred Income Taxes (Note 9)		
Commitments and Contingencies (Note 12)		
Stockholders' Equity:		
Additional Paid in Capital		
Retained Earnings		
Total Stockholders' Equity		
Total Liabilities and Stockholders' Equity		

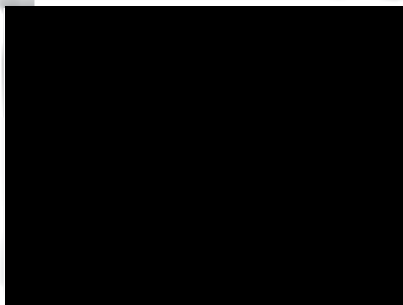
The accompanying notes are an integral part of these financial statements

Valliant Telephone Company
Statements of Income and Retained Earnings
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues:		
Basic Local Network Service		
Network Access Services		
Long Distance Network Services		
Miscellaneous		
Bad Debts Recovered (Expensed)		
Operating Expenses:		
Plant Specific Operations		
Plant Non Specific Operations		
Depreciation & Amortization (<i>Note 1</i>)		
Customer Operations		
Corporate Operations		
Operating Taxes:		
Federal and State Income Taxes (<i>Note 9</i>)		
Other Operating Taxes		
Operating Income (Loss)		
Fixed Charges:		
Interest on Long Term Debt		
Allowance for Funds Used During Construction		
Nonregulated Income/(Expense):		
Interest and Dividend Income		
Equity in Earnings (Loss) of Affiliate (<i>Note 5</i>)		
Other Nonregulated Income (Loss)(Net)(<i>Note 6</i>)		
Federal and State Income Taxes (<i>Note 9</i>)		
Net Income		

The accompanying notes are an integral part of these financial statements

Valliant Telephone Company
Statements of Income and Retained Earnings
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Retained Earnings, Beginning of Year		
Net Income (Loss)		
Retained Earnings, End of Year		
Earnings (loss) per Share of Common Stock - Average		

The accompanying notes are an integral part of these financial statements

Valliant Telephone Company
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Cash received from Customers		
Interest and dividends received		
Cash paid to suppliers and employees		
Interest paid		
Income taxes paid		
 Net Cash Provided (Used) by Operating Activities		
Cash Flows From Investing Activities:		
Cash paid for purchases of telephone plant and equipment		
Cash proceeds from sale of telephone plant and equipment		
Cash paid for purchase of miscellaneous property		
Cash contribution to cellular partnership		
Cash distributions from cellular partnership		
Cash paid for purchase of certificates of deposit		
Cash proceeds from maturity of certificates of deposit		
 Net Cash Provided (Used) by Investing Activities		
Cash Flows From Financing Activities:		
Proceeds from issuance of long-term debt		
Principal repayments of long-term debt		
Dividends paid		
 Net Cash (used) by Financing Activities		
 Net Increase (Decrease) in Cash and Cash Equivalents		
 Cash and Cash Equivalents, Beginning of Year		
 Cash and Cash Equivalents, End of Year		

The accompanying notes are an integral part of these financial statements

Valliant Telephone Company
Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Reconciliation of Net Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Net income (loss)		
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization		
Capitalized interest		
Undistributed (earnings) loss of affiliate		
Provision (benefit) for deferred income taxes		
Accrued interest income on RUS cushion of credit		
Reinvested interest income		
(Increase) Decrease in accounts receivable		
(Increase) Decrease in prepayments and other assets		
(Increase) Decrease in inventories		
(Increase) Decrease in refundable income taxes		
Increase (Decrease) in accounts payable		
Increase (Decrease) in advance billings and payments		
Increase (Decrease) in accrued income taxes		
Increase (Decrease) in other accrued liabilities		
 Total adjustments		
 Net cash provided (used) by operating activities		

The accompanying notes are an integral part of these financial statements

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed in the preparation of the accompanying financial statements. On July 1, 2009, the Financial Accounting Standards Board ("FASB") issued the FASB Accounting Standards Codification (the "Codification"), the single source of authoritative, non-government U.S. generally accepted accounting principles ("GAAP"), except for rules and interpretative releases of the Securities and Exchange Commission ("SEC"), which are sources of authoritative GAAP for SEC registrants.

The terms "FASB guidance" or "guidance" are used when referring to GAAP in these financial statements.

Description of Business:

The Valliant Telephone Company ("Company") was organized under the General Corporation Laws of the State of Oklahoma in 1962. The Company is an operating telephone utility serving customers in Valliant, Oklahoma, neighboring communities and rural subscribers, providing telecommunications exchange, local and long distance access services and internet (broadband) services. The Company is also engaged in providing cellular telephone services through a [REDACTED] owned partnership with another entity. The Company's business includes both regulated and nonregulated operations. The Company is a utility regulated by the Oklahoma Corporation Commission and conducts its operations as a "C" corporation for income tax purposes.

General:

The Valliant Telephone Company maintains its records in accordance with the Uniform System of Accounts prescribed for telephone companies by the Federal Communications Commission (FCC) and adopted by the Oklahoma Corporation Commission. The financial statements reflect the application of the accounting policies described in this note and have been prepared in conformity with U.S. generally accepted accounting principles applicable to rate regulated utilities.

Use of Estimates to Prepared Financial Statements:

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could vary from the estimates that were used in preparing the financial statements.

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Cash Equivalents:

For purposes of the Statement of Cash Flows, this caption includes cash on hand and in banks and certain short-term deposits. The Company considers all highly liquid debt instruments purchased with maturity of three months or less from the date of purchase to be cash equivalents.

Cash in construction funds may not be expended for any purpose other than on Rural Utilities Service ("RUS") approved projects and are therefore restricted. Any unexpended funds remaining after the project's completion may be used for general corporate purposes.

Accounts Receivable and Allowance for Doubtful Accounts:

Accounts receivable are stated at the historical carrying amount net of write-offs and allowance for doubtful accounts. Trade accounts receivable consist of amounts due from subscribers, including local service, toll, taxes and applicable fees. Trade accounts receivable are uncollateralized (however, certain customers may be required to have a deposit) and are due on the 15th of the month. A late fee of 10% is assessed if the receivable has not been paid by the 25th of the month. However, the late fee is waived if the customer contacts the Company and arranges to pay the balance by the last day of the month. Telephone service is cut off if a customer's balance is over one month in arrears.

The Company also has accounts receivable from interexchange long distance carriers for interstate and intrastate charges assessed for using the Company's facilities for their long distance communications, as well as from the National Exchange Carriers Association ("NECA") for outstanding interstate settlements and from the Oklahoma High Cost Fund for intrastate settlements to local exchange carriers in high cost areas based on cost separation principles.

The Company establishes an estimated allowance for doubtful accounts receivable based on a specific account identification basis through a review of several factors, including the aging status of customers' accounts, financial conditions of customers, historical credit loss experience and any specific customer collection issues that the Company has identified. Uncollectible accounts receivable are written off when a settlement is reached for an amount that is less than the outstanding historical balance or when the Company has determined the balance will not be collected.

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Inventory:

Materials and supplies inventory, consisting of excess materials used for replacement and extension of telecommunications plant in service, are carried at the lower of cost or market value. Cost is determined by using the average cost method.

Investments:

The Company accounts for its investments in marketable securities using FASB guidance, which requires investments in equity securities that have a readily determinable fair value and all investments in debt securities be adjusted to market value at the end of each accounting period. Unrealized market value gains and losses are charged to earnings if the securities are traded for short-term profit. Otherwise, such unrealized gains and losses are charged or credited to a separate component of stockholders' equity. Realized gains and losses on sales of investments, as determined on a specific identification basis, are included in the Statement of Income. Purchases and sales are recorded on a trade date basis.

Management determines the proper classification of investments in obligations with fixed maturities and marketable equity securities at the time of purchase and reevaluates such designations as of each balance sheet date. At December 31, 2016 and 2015 there were no securities covered by FASB guidance.

The Company's investments in 20% to 50% owned partnerships and affiliates are accounted for on the equity method. The Company's investments in less than 20% owned partnerships and non-marketable investments are accounted for on the cost method.

Property, Plant and Equipment:

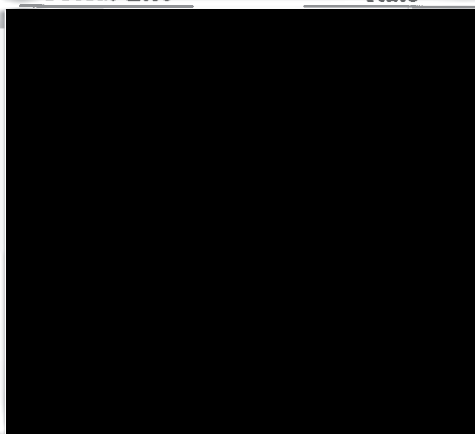
Telecommunications plant in service and under construction is recorded at historical cost, less accumulated depreciation. Historical cost consists of the actual purchase costs of materials used in construction, direct labor costs and related indirect costs, consisting of payroll taxes, overhead and vehicle costs allocated to construction. Major renewals and betterments are capitalized, while maintenance and repairs are expensed when incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the depreciable assets using the annual rates recommended by the Oklahoma Corporation Commission.

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

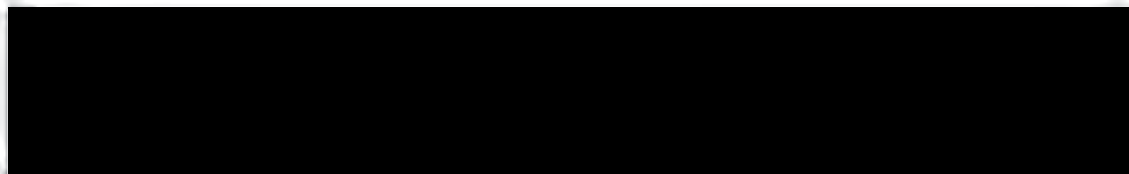
Note 1 - Summary of Significant Accounting Policies (continued)

Property, Plant and Equipment: (continued)

Following is a listing of the estimated useful lives and annual depreciation rates for the major asset classifications:

Classification	Estimated Useful Life	Annual Depreciation Rate
Buildings		
Vehicles, other work equipment		
Furniture, general purpose computers		
Digital electronic switching equipment, circuit equipment, large PBX		
Aerial cable		
Buried cable		

The cost of property, plant and equipment sold, retired or otherwise disposed of is charged against the accumulated depreciation account for the particular class of assets. Salvage credits resulting from reusable materials, sales or trade-in allowances are credited to the related accumulated depreciation accounts.



Revenue Recognition:

The Company recognizes revenues when earned, regardless of the period in which they are billed. In general, the Company recognizes revenues only after the services have been provided to its local subscribers and long distance carriers.

(a) Local Network Service Revenues:

The Company is required to provide local network service to subscribers within its defined service territory. Local network service revenues are recognized in those periods in which

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue Recognition: (continued)

the services are provided to subscribers connected to the network. Local network services are billed monthly on the first day of the applicable month.

(b) Network Access and Long Distance Service Revenues:

Network access and long distance service revenues are derived from charges for access to the Company's local exchange network. Access service revenue includes interstate customer end user charges, interstate and intrastate charges assessed to long distance carriers for using the Company's facilities for their long distance communications, and interstate settlements under jurisdictional reporting requirements with the National Exchange Carriers Association ("NECA"). The interstate portion of access revenues is based on a cost separation procedure settlement formula administered by NECA, which is regulated by the FCC. The intrastate portion of access revenues is billed using an individual company tariff access charge structure based on expense and plant investment as approved by the state regulatory authority. The tariffs developed from these formulas are used to charge the connecting carrier and recognize revenues in the period the traffic is transported based on the minutes of traffic carried. Long distance revenues are recognized at the time a call is placed based on the minutes of traffic processed at contracted rates.

Reported network access revenues are estimates subject to settlement adjustments in the near term resulting from changes in expense and plant investment level and rate of return experience. Future settlement adjustments are accrued if sufficient information is available to estimate them at the date of the financial statements; otherwise, such adjustments are recognized in the period in which the final settlements are determined.

(c) Miscellaneous Revenue:

Miscellaneous revenue consists primarily of fees received from long distance carriers for billing and collection services performed by the Company and directory revenue.

Income Taxes:

Deferred income tax assets and liabilities are recognized and computed annually for temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. In addition, the future tax benefits of net operating loss carryforwards are recognized as deferred tax assets to the extent that realization of such benefits is more likely than not.

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 1 – Summary of Significant Accounting Policies (continued)

Income Taxes: (continued)

Valuation allowances are established when necessary to reduce deferred tax assets to the amount more likely than not to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

The Company has elected to adopt the provisions of Accounting Standards Update (ASU) 2015-17, effective January 1, 2015, whereby deferred tax liabilities and assets are classified as noncurrent amounts. The change was made to simplify the presentation of deferred tax

Principal temporary differences giving rise to the recognition of deferred tax liabilities and Assets are depreciation of property, plant and equipment, due to the use of accelerated methods of computing depreciation for income tax purposes, and the recognition of earnings and losses on the investment in an affiliated partnership accounted for on the equity method for financial reporting purposes.

Advertising:

All advertising and promotional costs are expensed in the period in which such charges are incurred.

Date of Management's Review:

Subsequent events have been evaluated through June 9, 2017, which was the date the financial statements were available to be issued.

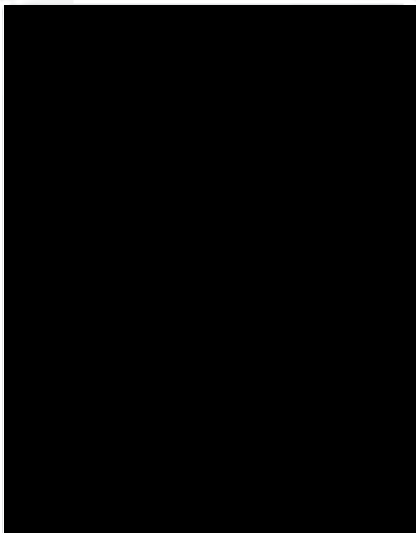
Note 2 - Assets Pledged

Substantially all assets are pledged as security for the long-term debt to the United States of America (See Note 8).

**VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

Note 3 - Other Accounts Receivable

Following is a summary of other accounts receivable at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Inter Exchange Carriers		
Oklahoma State Pool		
National Exchange Carriers Association (NECA)		
Universal Service Administrative Company (USAC)		
Other		
Total		
Less allowance for doubtful accounts		

Note 4 - Prepayments

Prepaid expenses at December 31, 2016 and 2015 were comprised of the following:

	<u>2016</u>	<u>2015</u>
Insurance		
Franchise tax		
Other		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 5 - Investments

Investments at December 31, 2016 and 2015 consisted of the following:

	2016	2015
Investment in affiliated partnership, at equity:		
Cross-Valliant Cellular Partnership		
Other investments at cost:		
Deferred annuity contract		
Certificates of deposit		
Less certificates of deposit classified as current assets		

The Company has a [REDACTED] ownership interest in the Cross-Valliant Cellular Partnership, which is accounted for on the equity method of accounting. Under the equity method, investments are carried at cost, plus or minus the Company's equity in the increases and decreases in the investee's net assets after the date of acquisition and certain other adjustments. The Company's share of the net income or loss of the investee is included in equity in earnings (losses) of equity method investees on the Company's Statements of Net Income and Retained Earnings. Any distributions received from the investee reduce the carrying amount of the investment.

[REDACTED]

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

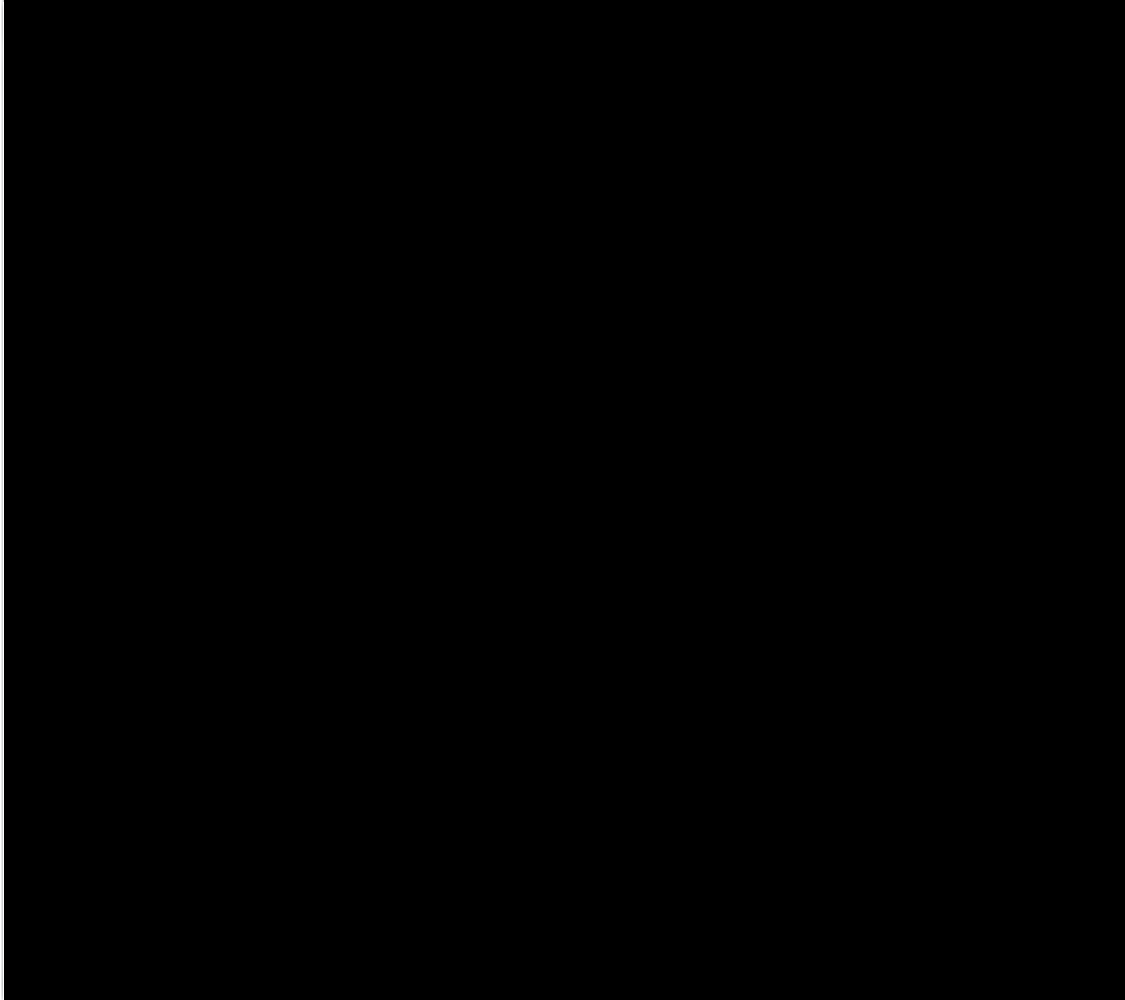
Note 5 – Investments (continued)

A summary of the results of operations for the years ended December 31, 2016 and 2015, and net assets at December 31, 2016 and 2015 for the Cross-Valliant Cellular Partnership follows:

	<u>2016</u>	<u>2015</u>
Results of operations:		
Total revenues		
Operating income (loss)		
Net income (loss)		
Net assets:		
Current assets		
Noncurrent assets:		
Switching Agreement (net of accumulated amortization)		
Telecommunications plant (net of accumulated depreciation)		
Total assets		
Current liabilities		
Net assets		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 5 – Investments (continued)



VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 6 - Miscellaneous Physical Property

In connection with certain nonregulated activities, the Company had the following miscellaneous physical property and equipment at December 31, 2016 and 2015:

	2016	2015
Property and equipment, at cost:		
Land		
Buildings		
Wireless internet network		
River pump station equipment		
Motel PBX		
Instruments		
Less accumulated depreciation		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 6 - Miscellaneous Physical Property (continued)

Following is a summary of pre-tax income from nonregulated activities for the years ended December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Revenues:		
Internet revenue		
Equipment rental and other nonregulated revenue		
Expenses:		
Pre-tax income		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 7 - Property, Plant and Equipment

Listed below are the major classes of the telecommunications plant at December 31, 2016 and 2015:

	2016	2015
Telecommunications Plant In Service:		
Land		
Buildings		
Vehicles		
Tools and other work equipment		
Buried cable		
Aerial cable		
Digital electrical switching equipment		
Circuit equipment		
Large PBX		
Furniture		
General purpose computers		
Poles		
Less accumulated depreciation		
Telecommunications Plant Under Construction		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

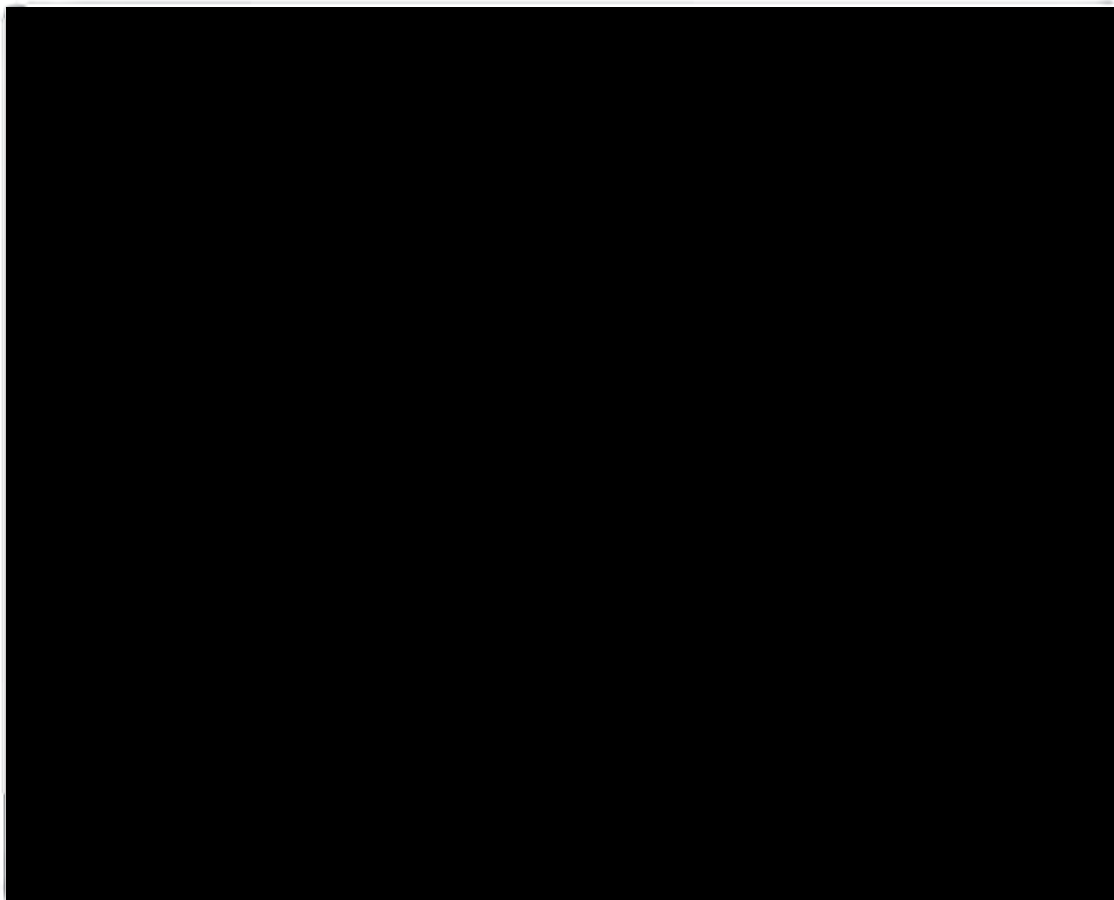
Note 8 - Long-Term Debt

Long-term debt is comprised of a series of installment notes payable to the United States of America, Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB"). Following is a summary of the outstanding long-term debt at December 31, 2016 and 2015:

	2016	2015
RUS Notes:		
5.0% Notes due 2025		
6.5% Notes due 2016		
5.9% Notes due 2016		
5.8% Notes due 2016		
4.0% - 4.6% Notes due 2023		
3.3% - 3.8% Notes due 2023		
Less advance payments		
RTB Notes:		
7.5% Notes due 2016		
5.7% Notes due 2016		
5.5% Notes due 2016		
5.8% Notes due 2016		
Total		
Less portion due within one year		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 8 - Long-Term Debt (continued)

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2017
2018
2019
2020
2021

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VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 9 - Income Taxes

The components of the provision (benefit) for income taxes for the years ended December 31, 2016 and 2015 were as follows:

	2016	2015
Operating Activities:		
Current		
Deferred		
Non-Operating Activities:		
Current		
Deferred		

The provision (benefit) for deferred income taxes for the years ended December 31, 2016 and 2015 was comprised of the following:

	2016	2015
Difference between tax and book depreciation		
Net operating loss carryforwards		
Difference between tax and book income		
recognized from affiliated partnership		
Tax deferred annuity income		
Allowance for doubtful accounts on		
telecommunications accounts receivable		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 9 - Income Taxes (continued)

The tax effects of temporary differences and tax loss carryforwards that gave rise to significant portions of the deferred tax (assets) liabilities at December 31, 2016 and 2015 were as follows:

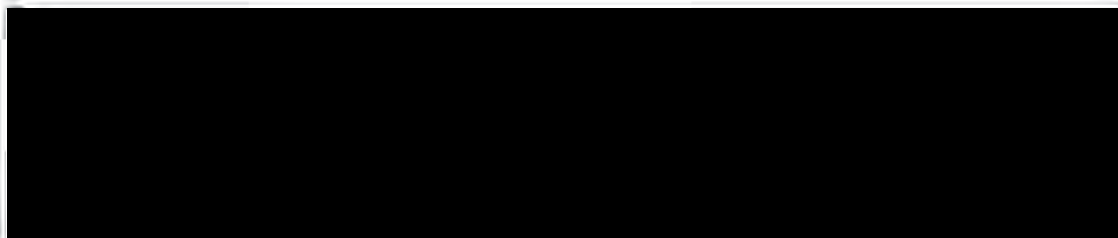
	2016	2015
Deferred tax liabilities:		
Accumulated depreciation of property, plant and equipment, and miscellaneous physical property		
Carrying value of investment in affiliated partnership		
Tax deferred annuity income		
Total deferred tax liabilities		
Deferred tax assets:		
Net operating loss carryforwards		
Allowance for doubtful accounts on telecommunications accounts receivable		
Long-term capital loss carryover		
Section 168(k) carryover (Oklahoma)		
Valuation allowance		
Total deferred tax assets		
Net deferred tax liability		

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

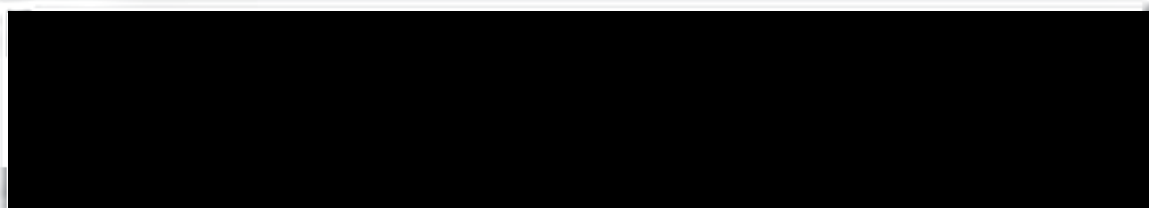
Note 9 - Income Taxes (continued)

The Company files income tax returns in the U.S. federal jurisdiction and in the State of Oklahoma jurisdiction. Tax years after 2012 remain open to examination by the major taxing jurisdictions in which the Company is subject to tax.

Note 10 - Profit Sharing Plan



Note 11 - Related Party Transactions



Note 12 - Commitments and Contingencies

No other significant commitments or contingent liabilities were in existence at December 31, 2016.

Note 13 - Financial Instruments

The Company is required by FASB guidance to disclose information about financial instruments with off-balance sheet risk and about concentrations of credit risk for all financial instruments, regardless of the degree of such risk.

At December 31, 2016, the Company had no financial instruments with off-balance sheet risk.

Financial instruments which potentially subject the Company to a concentration of credit risk consist principally of cash and cash equivalents deposited with financial institutions and certificates of deposit with terms of three months to one year maintained at various financial institutions.

VALLIANT TELEPHONE COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015

Note 13 - Financial Instruments (continued)

The Company places its cash, temporary cash investments and certificates of deposit with high quality credit institutions. At times, cash in bank deposit accounts may exceed the federally insured limits. The Company has not experienced any losses in such accounts, and the Company believes that it is not exposed to any significant credit risk on cash, cash equivalents and other cash investments.

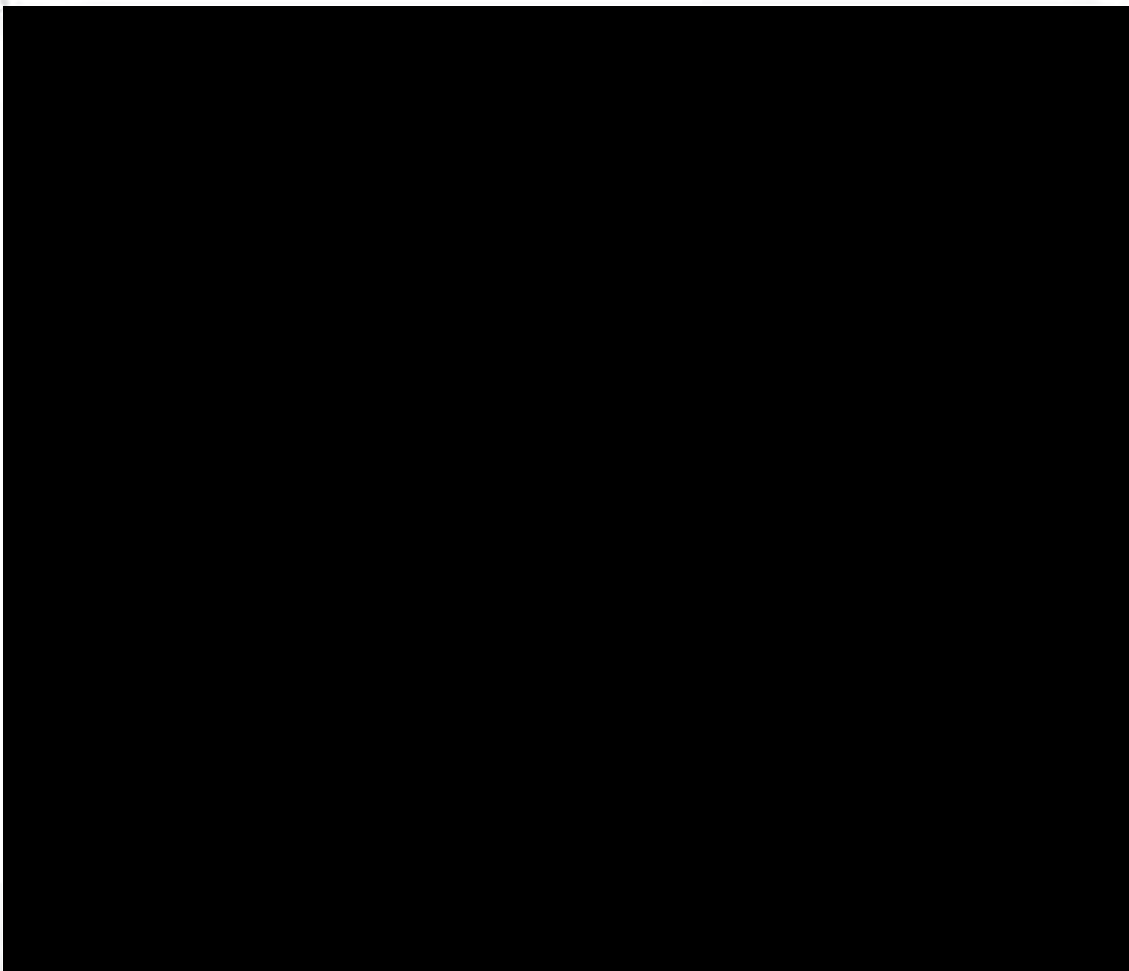


SUPPLEMENTAL INFORMATION



**Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

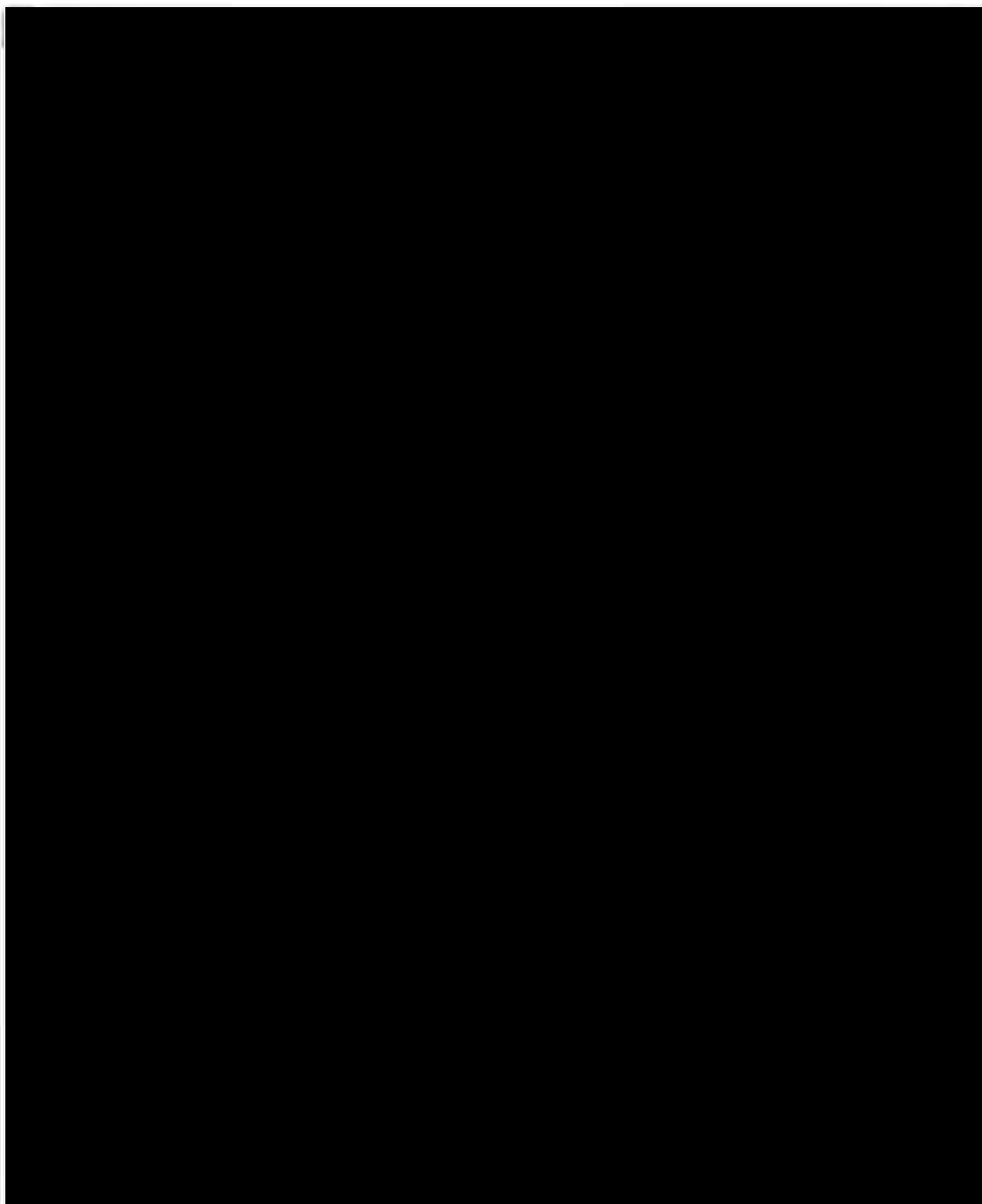
The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma



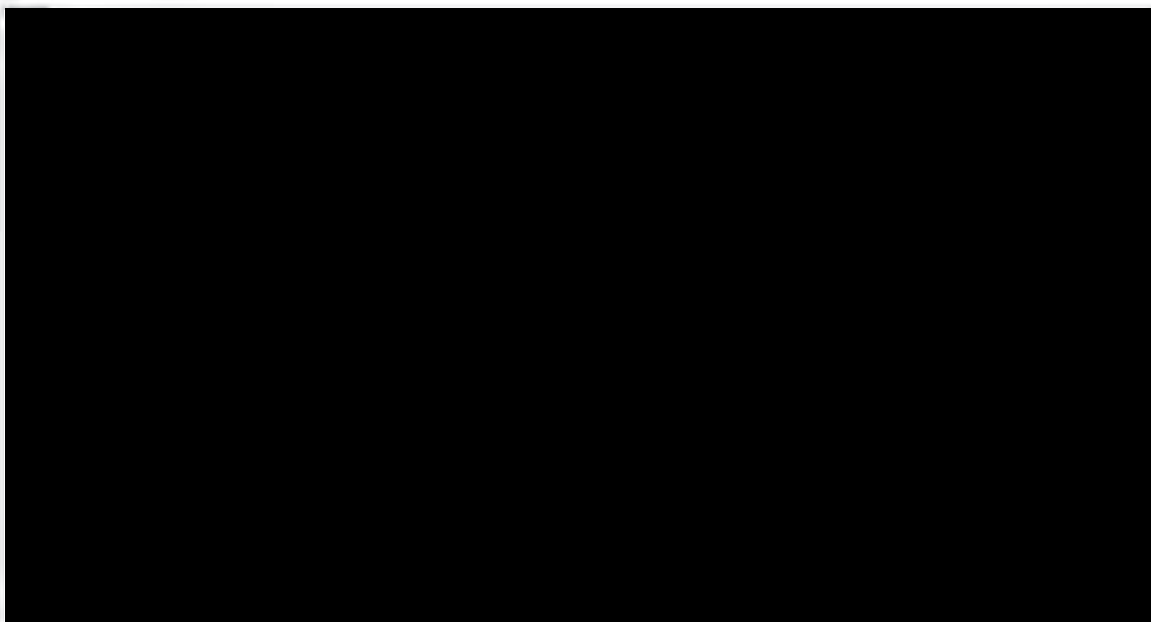
HOOD & ASSOCIATES CPAs, P.C.

2727 East 21st Street Suite 600 Tulsa Oklahoma 74114-3537 918-477-7111 Fax: 918-473-7525 www.hoodcpas.com
1821 SE Washington Blvd Bartlesville OK 74606 918-336-7600 Fax 918-333-7600

Board of Directors
Valliant Telephone Company
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Board of Directors
Valliant Telephone Company
Page 3 of 3



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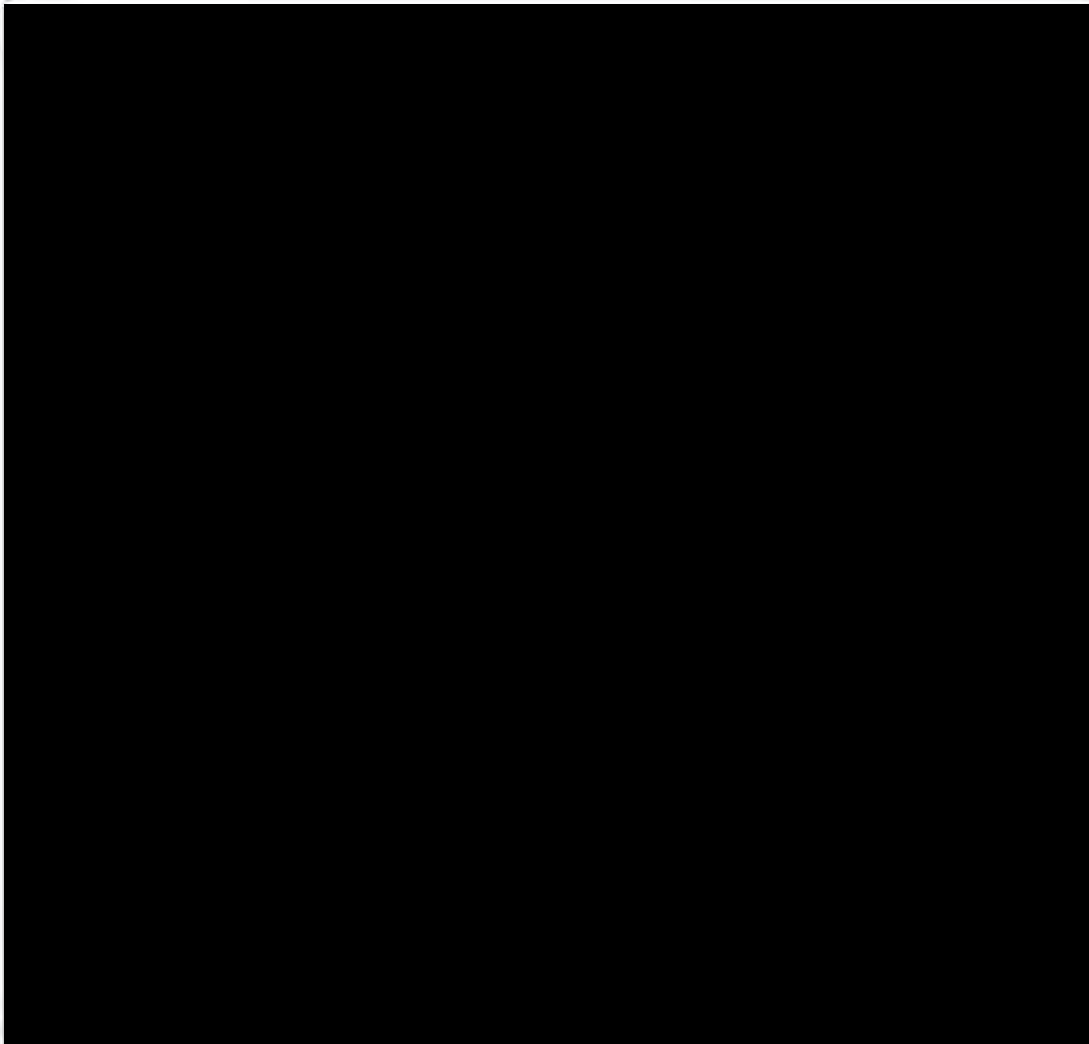
Hood & Associates, CPAs, P.C.
Certified Public Accountants

June 9, 2017

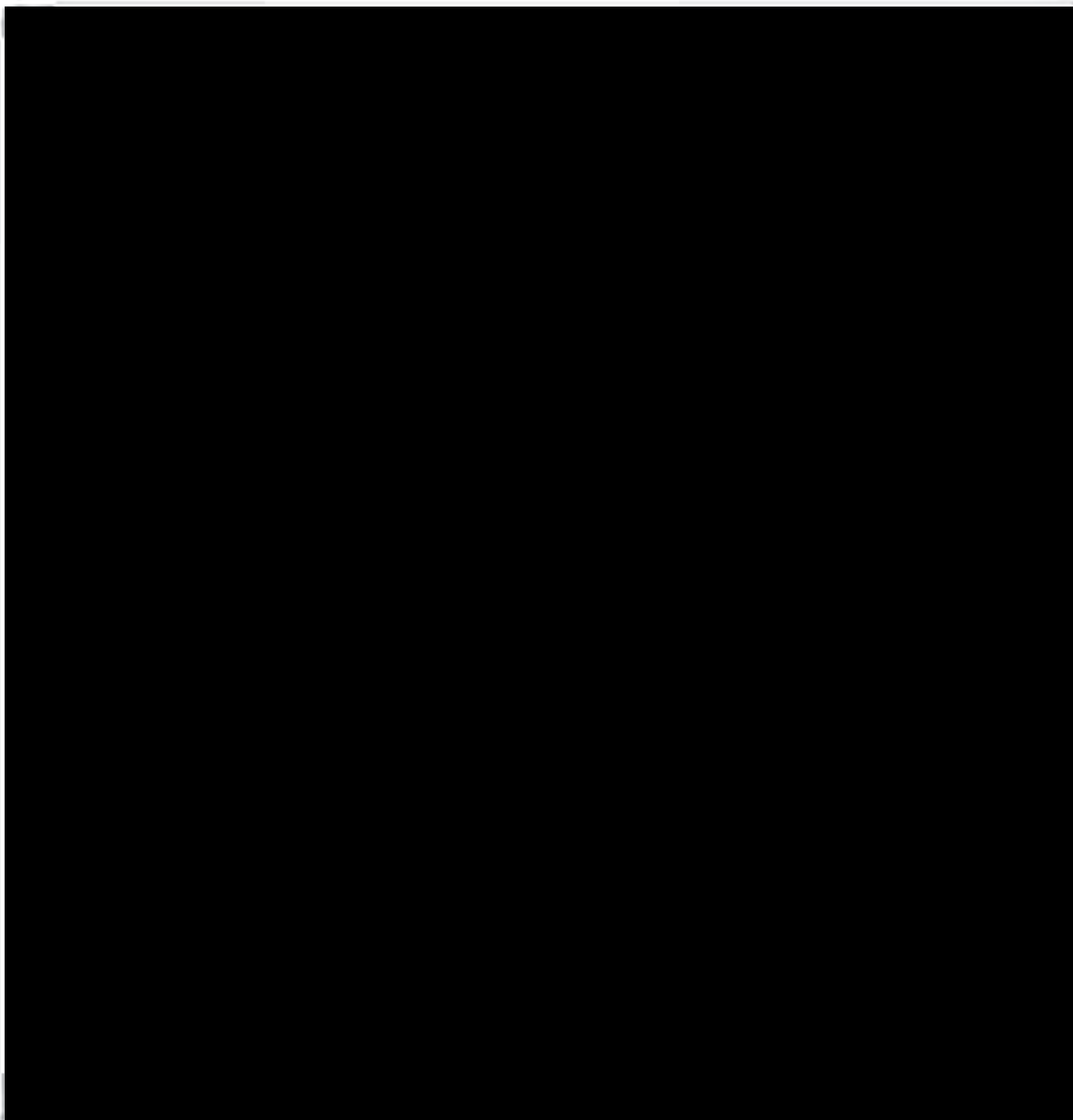


**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH ASPECTS OF CONTRACTUAL AGREEMENTS
AND REGULATORY REQUIREMENTS**

The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma



The Board of Directors
Valliant Telephone Company
Valliant, Oklahoma



Cross-Valliant Cellular Partnership:

Book value of investment, December 31, 2014

Year ended December 31, 2015

Contributions

Distributions

Earnings (loss)

Book value of investment, December 31, 2015

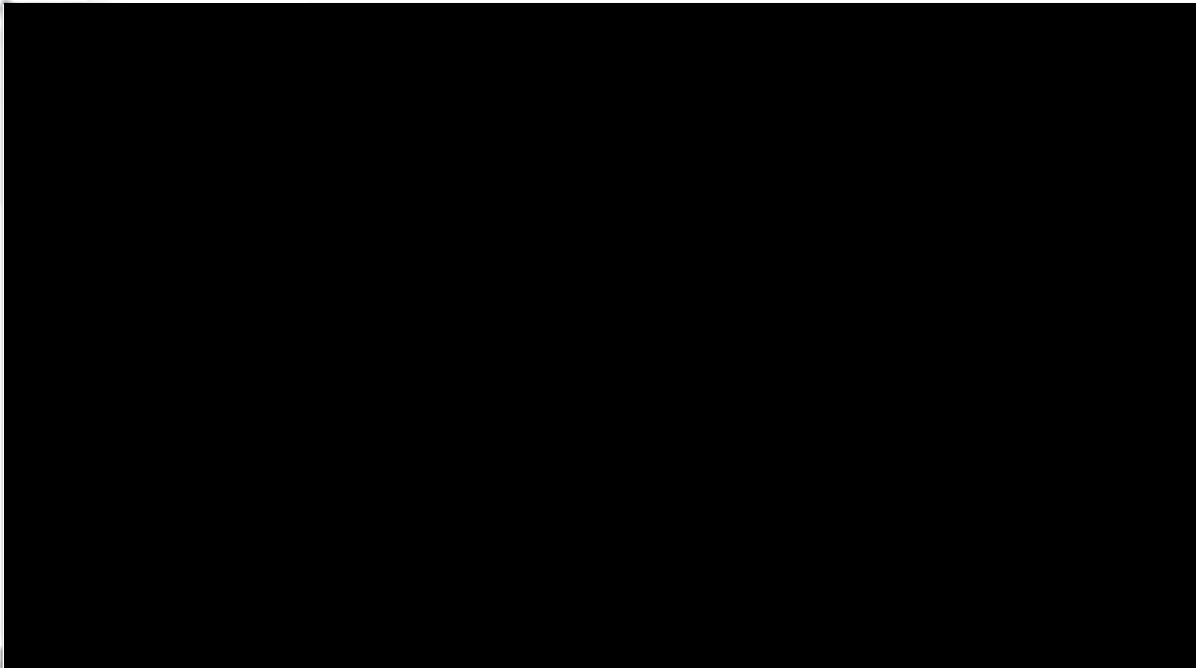
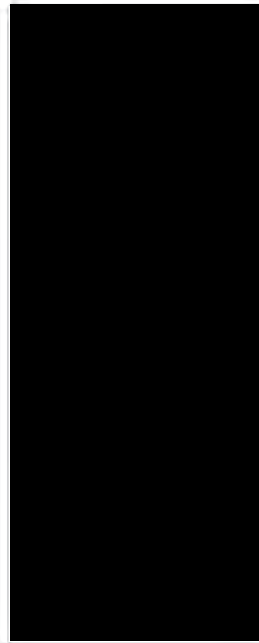
Year ended December 31, 2016

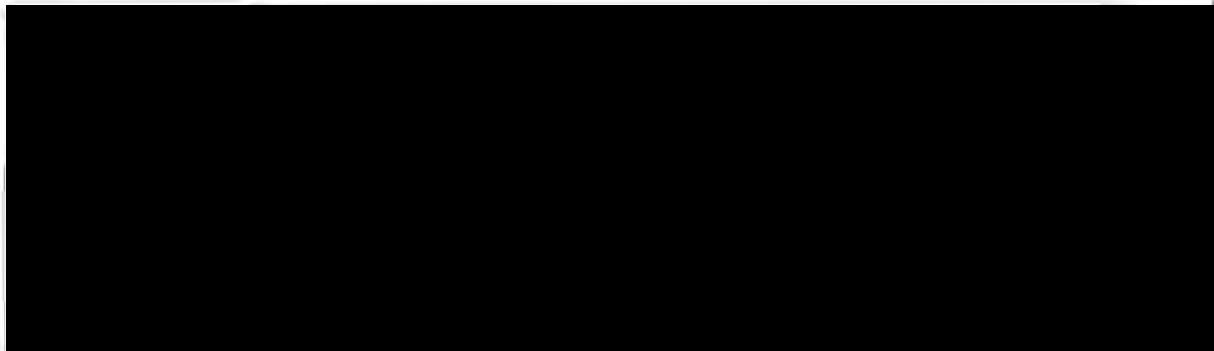
Contributions

Distributions

Earnings (loss)

Book value of investment, December 31, 2016





Hood & Associates, CPAs, P.C.

Hood & Associates, CPAs, P.C.
Certified Public Accountants

June 9, 2017